
Report of the Board of Directors

Ordinary Part - Item 1 on the agenda

2021 financial statements:

- a) Approval of the Parent Company's 2021 financial statements
- b) Allocation of net income for the year and distribution to shareholders of dividend and part of the Share Premium Reserve

Distinguished Shareholders.

Pursuant to Article 2364 of the Italian Civil Code and Articles 7.3 and 29.3 of the Company's Articles of Association, we hereby submit for your approval the financial statements of the Parent Company Intesa Sanpaolo S.p.A. as at 31 December 2021 and the related proposal for allocation of net income for the year.

The reclassifications made to the shareholders' equity items are described in section 12 of Part B - Liabilities of the Notes to the Financial Statements. You are also reminded that, pursuant to Article 6, paragraph 1, letter a) of Legislative Decree 38/2005 currently in force, a portion of net income corresponding to capital gains recognised in the income statement, net of the related tax charge and other than the gains from trading financial instruments and foreign exchange and hedging transactions, arising from application of the fair value criterion, must be recorded in an unavailable reserve. As at 31 December 2021, such amount was 232,635,704.80 euro.

It should be noted that, with communication dated 23 July 2021, the ECB indicated that it would not extend beyond 30 September 2021 its recommendation of 15 December 2020 aimed at all the banks to limit the distribution of dividends and the own share buy-back programmes and that it would therefore evaluate with each bank the evolution of the capital profile and the dividend distribution or share buy-back plans in the context of the regular supervisory cycle.

The Intesa Sanpaolo Group, in compliance with these instructions from the Supervisory Authorities and in line with the 2018-2021 Business Plan, envisaged the payment, from the 2021 net income, of cash dividends corresponding to a payout ratio of 70% of consolidated net income, to be partially distributed as an interim dividend already during 2021.

In this regard, on 3 November 2021, in compliance with the provisions of paragraph 4 of Article 2433-bis of the Italian Civil Code, the Board of Directors approved the distribution of an interim dividend from the 2021 net income, totalling 1,398,728,259.60 euro¹, corresponding to a unit amount of 7.21 euro cents per ordinary share. The dividend was paid out on 24 November 2021.

Given all the above, it is proposed to allocate the net income for 2021 of Intesa Sanpaolo S.p.A., which amounts to 2,947,642,948.34 euro, as follows:

¹ It does not include the interim dividend on the 30,626,140 own shares held at the record date, equal to 2,208,144.69 euro.

	(euro)
Net income for the year	2,947,642,948.34
Interim dividend for 2021 of 7.21 euro cents, as approved by the Board of Directors on 3 November 2021 and distributed on 24 November 2021, for each of the 19,399,837,165 ordinary shares outstanding on the record date of 23 November 2021, for a total of	1,398,728,259.60
Allocation of a dividend of 6.69 euro cents per share to the 19,430,463,305 ordinary shares outstanding, for a total of	1,299,897,995.10
Assignment to the Allowance for charitable, social and cultural contributions	16,000,000.00
Assignment to the Extraordinary reserve of the residual net income	233,016,693.64

In view of the above and taking into account that the consolidated net income relating to 2021 is equal to 4,185 million euro, it is proposed to resolve on a partial distribution of the free portion of the Share Premium Reserve of 1.20 euro cents for each of the 19,430,463,305 shares constituting the share capital for a total amount of 233,165,559.66 euro.

This assignment of reserves shall be subject to the same tax regime as the distribution of dividends.

Therefore, considering the interim dividend of 7.21 cents already paid and the remaining dividend of 7.89 cents yet to be paid, the dividend for the year 2021 would amount to 15.1 euro cents per share, for a total dividend of 2,932 million euro and a payout ratio of 70% of consolidated net income.

If this proposal is approved, the consolidated capital requirements would show a Common Equity Tier 1 ratio of 14.5% and a Total Capital Ratio of 19.1%, both amply meeting the requirements of the EU Bodies and the Supervisory Authority. At Parent Company level as well, the capital requirements would be well above the minimum requirements.

We propose that the remaining dividend for 2021 of 7.89 euro cents be made payable, in compliance with legal provisions, as of 25 May 2022, with detachment of the coupon on 23 May 2022.

Please note that own shares possibly held by the Bank at the record date of 24 May 2022 are not entitled to dividends.

If the proposal submitted is approved by you, and taking into account the reclassification to the Extraordinary Reserve of the total net positive amount of 2,624,292,523.13 euro relating to the merger differences arising from the cancellation of the shares of the subsidiaries Unione di Banche Italiane S.p.A., UBI Sistemi e Servizi S.c.p.A., UBI Factor S.p.A. merged during the year (in this regard it should be noted that, pursuant to Article 172, paragraph 5, of the Consolidated Law on Income Taxes, in relation to the aforementioned merger differences, Suspended Tax Reserves will be re-established for an amount of 560,202,426.33 euro and a tax suspension constraint on the Capital, already imposed on the Capital of Unione di Banche Italiane S.p.A., will also be re-established, for an amount of 595,600,543.95 euro), the shareholders' equity of Intesa Sanpaolo S.p.A. will be as shown in the table below.

Shareholders' equity	Annual report 2021	Changes	(millions of euro) Share capital and reserves of Annual Report 2021 after the Shareholders' Meeting resolutions
Share capital	10,084	-	10,084
Share premium reserve	27,445	-233	27,212
Reserves	8,175	233	8,408
Valuation reserves	855	-	855
Equity instruments	6,260	-	6,260
Interim dividend	-1,399	1,399	-
Treasury shares	-69	-	-69
Total reserves	41,267	1,399	42,666
TOTAL	51,351	1,399	52,750

Distinguished Shareholders, you are therefore invited to resolve on the following:

- a) the proposal of approval of the Parent Company's 2021 financial statements,
- b) the proposal of allocation of net income for the year and distribution to shareholders of dividend and part of the Share Premium Reserve,

all in accordance with the terms set out above.

1 March 2022

For the Board of Directors
The Chairman - Gian Maria Gros-Pietro

This is an English translation of the original Italian document. In cases of conflict between the English language document and the Italian document, the interpretation of the Italian language document prevails.